

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA**

**ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 16 2012

LAFAYETTE REGIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Lafayette Regional Airport's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012, on our consideration of the Lafayette Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Regional Airport's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The remaining supplementary information as listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 16, 2012
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the Lafayette Regional Airport's activities and financial performance for the fiscal year ended December 31, 2011.

AIRPORT ACTIVITIES & HIGHLIGHTS

- ➔ Lafayette Regional Airport had its best year on record. In 2011 the Lafayette Regional Airport's enplanements were 228,380 and deplanements were 227,350. Cargo operations also remained strong with over 24,540,238 lbs passing through the airport during 2011. As for flight loads, Continental flights to Houston lead the way with 88.3% of outgoing seats filled, followed closely by Delta to Atlanta flights with 87.9%. American Eagle flights to Dallas had a 82% load factor in 2011.
- ➔ In addition, the Airport continues to work with other carriers to bring additional service to the Lafayette area for new destinations. During 2011, the Airport Commission offered marketing initiatives to carriers in the hopes of filling in a void in the local travel market. Two carriers accepted the offer. Vision Air accepted and began operating seasonal non-stop flights from Lafayette to Destin, FL from May through August. Allegiant Airlines also accepted and began operating non-stop flights to Las Vegas, NV in November of 2011.
- ➔ The Federal Aviation Administration (FAA) named the Lafayette Regional Airport from their five-state Southwest Region the "2011 Louisiana Airport of the Year" for the second time in a six year period. Airports are recognized for their outstanding contributions to enhancing aviation in their state. The FAA cited how the airport is maintained, ongoing promotion of safety and security, annual inspections and drills, growth of new tenants and airlines, grant writing paperwork, and communication and partnerships with various aviation agencies.
- ➔ In October of 2011, the Lafayette Airport Commission held its 21st Annual Aviation Fun Day. There were nearly 300 people that attended and enjoyed a tour of the airport grounds, a great lunch and numerous contests with prizes awarded. Also, in October the Sertoma Club held a two day Cajun Air Festival, which by all accounts was a tremendous success.
- ➔ Projects that were completed in 2011 include upgrades for the Terminal elevators, escalators, and exterior doors, mapping of the Storm Water Drain system, and construction of the Cargo Apron and connecting taxiways. Also, the Airport Commission Maintenance Facility completed a much needed building addition and the LED Highway 90 Intersection sign was finished and began displaying Airport information. The Cargo Apron project was funded by the FAA, LA DOTD, State Capital Outlay & EDA Grants.
- ➔ Several projects still in progress at the end of 2011 include overlay for Runway 4L/22R, a Security System upgrade, and a Landscape Beautification project along Surrey St., Blue Blvd. and Terminal Dr. Other ongoing projects include RSA improvements with the relocation of NAVAIDS and the installation of an Engineered Material Arresting System (EMAS), a Part 150 Noise Impact Study, future terminal expansion, and a Grissom Drive parking lot overlay. These projects are designed to enhance the overall safety and the capacity of the airport.

- ➔ Several projects in the design phase and scheduled to begin in 2012 include the construction of a Cargo Facility, purchase of a dual passenger boarding bridge, Phase II of NGA Apron Improvements; and a taxiway parallel to Runway 11/29. In addition, seal coating of all taxiways is planned as well as a Benefit Cost Analysis for Runway Safety Improvements for RW 11/29. Also, other Capital projects planned for 2012 include upgrading the Airport's Master Plan, a roof replacement for 114 Borman Dr., and pavement repairs to 118 Shepherd Dr. These projects are also designed to improve the overall safety and the capacity of the airport.

FINANCIAL HIGHLIGHTS

- ➔ Operating Revenues rose modestly by nearly 4% going from \$7.64 million to \$7.93 million. The increase was due mostly to modest increases of 11% in Terminal Rent/Charges, 5% in Parking Revenues, and 4% in Land and Hangar rents.
- ➔ Operating Expenses had no significant change from 2010 changing only from \$10.57 million to \$10.58 million due primarily to increases in Professional Fees and Administrative costs that were neutralized by a decrease in Depreciation.
- ➔ Non-Operating Income (Expenses), excluding capital grants reported as income, changed from a net income of \$2,754,970 in 2010 to a net income of \$2,776,935 in 2011. This category reports a small 2% increase in ad valorem taxes collected over 2010.
- ➔ Net assets of our business-type activity increased by approximately \$12.7 million or 14%, compared to a 10% increase in 2010 and a 3% increase in 2009.
- ➔ Additional funding for Airport operations is received through ad valorem tax revenue. In 2011, the Airport received approximately \$2.75 million in revenues which is a slight increase over the \$2.70 million in 2010.
- ➔ Capital grants, funds, and contributions received in 2011 were \$12,632,154 compared to \$8,932,408 in 2010, which is a 41% single year increase. These grants are directly related to the various Airport Improvement Program grants which are funded at the federal and state level and fluctuate from year to year dependent upon the funding and schedules of the Airport's capital projects.

USING THIS REPORT

Reporting the Airport as a Whole

The Statement of Net Assets reports information about the Airport as a whole and about its activities in a way that helps answer the question "Is the Airport as a whole better or worse off as a result of the year's activities?" This statement includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

This statement reports the Airport's net assets and changes in them. Net assets (the difference between assets and liabilities) are one way to measure the Airport's financial health, or financial position. Over time, increases or decreases in the Airport's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Airport's property tax base and millage rates, as well as capital grant awards, to assess the overall health of the Airport.

In the Statement of Net Assets, we report the Airport by activity. The Airport's only operation is that of Airport Services which represents the fees charged to customers to help cover most of the cost of the services provided. The property tax revenue is also reported in this fund since it is dedicated to the operations and maintenance of the Airport.

Reporting the Airport's Significant Funds

At the recommendation of the Louisiana Legislative Auditor's Office, the Airport dissolved the General Fund at the beginning of the 2007 fiscal year. The revenues and expenditures that were previously reported within the General Fund are now included in the Proprietary Fund financial statements. Following is a description of the Proprietary Fund:

- ➔ **Proprietary Fund** - When the Airport charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Airport's proprietary fund is the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE AIRPORT AS A WHOLE

The Airport's net assets increased in the current year, from \$91.8 million to \$104.5 million. This increase is due to the business-type activities, which accounts for the operations of the Airport. The increase is due to the growth in the invested capital assets net of related debt category of \$12,347,203. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Airport's business-type activities.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of December 31, 2011, the Airport had \$86.5 million invested in capital assets, net of related debt, including all equipment, land and buildings. This represents a significant net increase of \$12.3 million, or 17%, over the 2010 amount of \$74.1 million.

During 2011, the airport expended \$14.7 million on capital activities. This included funds spent for Terminal elevators, escalators, and exterior doors; the mapping of the Storm Water Drain system, the construction of the Cargo Apron and connecting taxiways, and the Runway Safety Improvements for 4R/22L with EMAS. Also, the Airport Commission Maintenance Facility completed a building addition and the LED Highway 90 Intersection sign was finished.

Other improvements and acquisitions for 2011 included the following: Part 150 Noise Impact Study, and an overlay for RW 4L/22R, a Security System upgrade, a Landscape Beautification project along Surrey St. and Blue Blvd., future terminal expansion, design of a dual passenger boarding bridge, and an overlay for the Grissom Drive parking lot. Acquisitions and improvements are generally funded using a variety of financing methods, including Federal grants with matching State grants, passenger facility charges, debt issuance, capital outlay funds, EDA Grants, and Airport revenues.

Debt

During 2011, the Airport completely paid out all taxable and nontaxable bonds outstanding. The Lafayette Airport Commission is currently without debt.

ECONOMIC FACTORS

The business-type activities will see changes due to economic factors as well as continued capital improvements funded by various grants. Several of the economic factors considered in the budgetary process were:

- The economic environment of the airline industry as a whole including the continued increase in the cost of fuel.
- Consumer price index adjustments, which allows for increases in rental charges to tenants of the Airport.
- Escalating costs of operations including insurance, professional and other contractual services.

REQUEST FOR INFORMATION

This financial report is written to provide a general overview of the Lafayette Regional Airport's financial position for all interested parties and to show the Airport's accountability for the money it receives. Questions concerning any of the information in the report should be addressed in writing to the Financial Officer, Lafayette Regional Airport, 222 Tower Drive, Lafayette, LA 70508.

Table 1
NET ASSETS

	Business-type Activities		Total Primary Government	
	2011	2010	2011	2010
ASSETS:				
Current Assets	\$ 18,888,076	\$ 19,122,834	\$ 18,888,076	\$ 19,122,834
Capital Assets	86,130,274	74,425,269	86,130,274	74,425,269
Non-Current Assets	2,702,374	2,142,194	2,702,374	2,142,194
TOTAL ASSETS	\$ 107,720,724	\$ 95,690,297	\$ 107,720,724	\$ 95,690,297
LIABILITIES:				
Long-Term Debt Outstanding	\$ -	\$ -	\$ -	\$ -
Other Liabilities	3,180,394	3,877,317	3,180,394	3,877,317
Total Liabilities	3,180,394	3,877,317	3,180,394	3,877,317
NET ASSETS:				
Invested in Capital Assets, Net of Debt	86,540,315	74,193,112	86,540,315	74,193,112
Restricted	2,356,061	1,719,358	2,356,061	1,719,358
Unrestricted	15,643,954	15,900,510	15,643,954	15,900,510
Total Net Assets	104,540,330	91,812,980	104,540,330	91,812,980
TOTAL LIABILITIES AND NET ASSETS	\$ 107,720,724	\$ 95,690,297	\$ 107,720,724	\$ 95,690,297

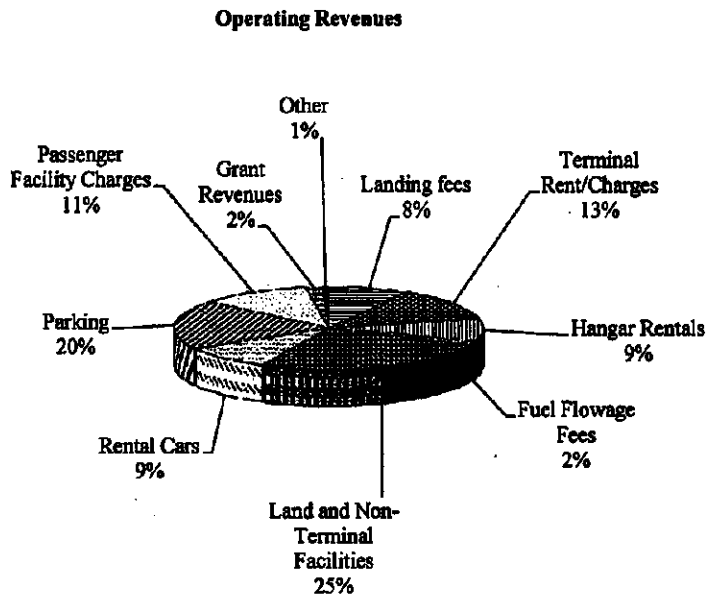
Table 2

CHANGES IN NET ASSETS

	Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 7,795,963	\$ 7,501,761	\$ 7,795,963	\$ 7,501,761
Operating Grants	134,859	138,906	134,859	138,906
Capital Grants and Contributions	12,632,154	8,932,408	12,632,154	8,932,408
General Revenues:				
Property Taxes	2,711,513	2,659,067	2,711,513	2,659,067
State Revenue Sharing	45,924	43,053	45,924	43,053
Investment Earnings	19,498	34,452	19,498	34,452
Gain on Sale of Assets	-	18,398	-	18,398
Total Revenues	<u>23,339,912</u>	<u>19,328,045</u>	<u>23,339,912</u>	<u>19,328,045</u>
Program Expenses				
Administration	1,468,957	1,403,895	1,468,957	1,403,895
Telephones and Utilities	389,579	373,950	389,579	373,950
Supplies and Materials	85,511	74,325	85,511	74,325
Repairs and Maintenance	1,202,751	1,221,525	1,202,751	1,221,525
Security	719,619	727,274	719,619	727,274
ARFF	627,164	615,402	627,164	615,402
Professional Fees	436,796	355,532	436,796	355,532
Insurance	344,304	359,619	344,304	359,619
Contractual Services	751,475	721,229	751,475	721,229
Depreciation	4,556,167	4,726,661	4,556,167	4,726,661
Interest Expense	30,240	36,654	30,240	36,654
Bad Debt Expense	-	12,080	-	12,080
Total Expenses	<u>10,612,563</u>	<u>10,628,147</u>	<u>10,612,563</u>	<u>10,628,147</u>
Increase in Net Assets	<u>\$ 12,727,349</u>	<u>\$ 8,699,899</u>	<u>\$ 12,727,349</u>	<u>\$ 8,699,899</u>

**Table 3
REVENUES**

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the years ended December 31, 2011 and December 31, 2010:



Operating Revenues:

	2011	2010	Increase (Decrease) from 2010	Percent Increase (Decrease)
Landing fees	\$ 656,873	\$ 636,936	\$ 19,937	3.1%
Terminal Rent/Charges	1,047,178	939,832	107,346	11.4%
Hangar Rentals	694,479	673,665	20,815	3.1%
Fuel Flowage Fees	140,592	149,807	(9,215)	-6.2%
Land and Non-Terminal Facilities	1,982,592	1,903,025	79,567	4.2%
Rental Cars	756,706	724,335	32,371	4.5%
Parking	1,552,657	1,476,338	76,319	5.2%
Passenger Facility Charges	908,027	891,075	16,952	1.9%
Grant Revenues	134,859	138,906	(4,047)	-2.9%
Other	56,859	106,749	(49,890)	-46.7%
Total Operating Revenues	7,930,822	7,640,667	290,155	3.8%

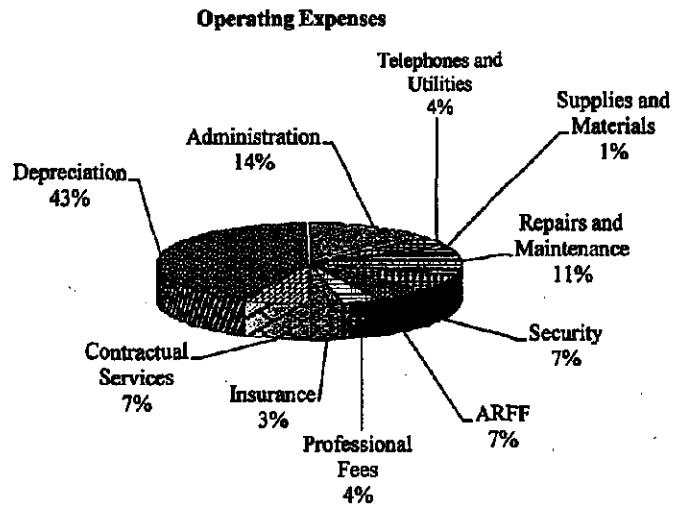
Non-Operating Revenues:

Interest Income	19,498	34,452	(14,954)	-43.4%
Proceeds from Sale of Assets	-	18,398	(18,398)	-100.0%
Operation & Maintenance Tax	2,757,437	2,702,120	55,318	2.0%
Capital Grants and Contributions	12,632,154	8,932,408	3,699,746	41.4%
Total Non-Operating Revenues	15,409,090	11,687,378	3,721,712	31.8%

TOTAL REVENUES	\$ 23,339,912	\$ 19,328,045	\$ 4,011,867
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**Table 4
EXPENSES**

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the years ended December 31, 2011 and December 31, 2010:



Operating Expenses:

	2011	2010	Increase (Decrease) from 2010	Percent Increase (Decrease)
Administration	\$ 1,468,957	\$ 1,403,895	\$ 65,062	4.6%
Telephones and Utilities	389,579	373,950	15,629	4.2%
Supplies and Materials	85,511	74,325	11,186	15.1%
Repairs and Maintenance	1,202,751	1,221,525	(18,774)	-1.5%
Security	719,619	727,274	(7,655)	-1.1%
Arff	627,164	615,402	11,762	1.9%
Professional Fees	436,796	355,532	81,264	22.9%
Insurance	344,304	359,619	(15,315)	-4.3%
Contractual Services	751,475	721,229	30,246	4.2%
Depreciation	4,556,167	4,726,661	(170,494)	-3.6%
Total Operating Expenses	10,582,323	10,579,413	2,910	0.0%
Non-Operating Expenses:				
Interest Expense	30,240	36,654	(6,414)	-17.5%
Bad Debt Expense	-	12,080	(12,080)	0.0%
Total Non-Operating Expenses	30,240	48,733	(18,494)	-37.9%
TOTAL EXPENSES	\$ 10,612,563	\$ 10,628,147	\$ (15,584)	

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 13,737,584
Accounts Receivable	368,500
Ad Valorem Tax Receivable	935,418
Due From Sheriff	1,297,773
Grant Funds Receivable	2,314,278
Prepays	<u>234,523</u>
Total Current Assets	<u>18,888,076</u>

RESTRICTED ASSETS

Cash	
Grant Funds	346,313
PFC Funds	<u>2,356,061</u>
Total Restricted Assets	<u>2,702,374</u>

PROPERTY AND EQUIPMENT

Property and Equipment	129,904,073
Land	5,491,076
Construction in Progress	<u>25,936,995</u>
Total	161,332,144
Less: Accumulated Depreciation	<u>(75,201,870)</u>
Net Property and Equipment	<u>86,130,274</u>

TOTAL ASSETS	<u>\$ 107,720,724</u>
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The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 2,561,591
Accrued Expenses	39,794
Deferred Tax Revenue	204,002
Deferred Revenue	<u>16,776</u>
Total Current Liabilities	<u>2,822,163</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Security Deposits	<u>295,454</u>
Total Current Liabilities Payable From Restricted Assets	<u>295,454</u>

NON-CURRENT LIABILITIES

Accrued Compensated Absences	<u>62,777</u>
Total Non-Current Liabilities	<u>62,777</u>

TOTAL LIABILITIES

3,180,394

NET ASSETS

Invested in Capital Assets, Net of Related Debt	86,540,315
Expendable:	
Restricted for PFC Projects	2,356,061
Unrestricted	<u>15,643,954</u>
TOTAL NET ASSETS	<u>104,540,330</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 107,720,724

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES

Rentals	\$ 4,479,157
Commissions	148,322
Landing Fees	656,873
Parking Tolls	1,552,657
Passenger Facility Charges	908,027
Grant Revenues	134,859
Miscellaneous	50,927
Total Operating Revenues	<u>7,930,822</u>

OPERATING EXPENSES

Salaries and Costs of Employment	1,370,056
Supplies	85,511
Other Services and Charges	4,570,589
Depreciation	4,556,167
Total Operating Expenses	<u>10,582,323</u>

OPERATING LOSS (2,651,501)

NON-OPERATING REVENUES (EXPENSES)

Interest Income	19,498
Ad Valorem Tax Revenue	2,711,513
State Revenue Sharing	45,924
Interest Expense	(30,239)
Total Non-Operating Revenues (Expenses)	<u>2,746,696</u>

Gain before Contributions and Transfers 95,195

Capital Contributions 12,632,154

INCREASE IN NET ASSETS 12,727,349

NET ASSETS, BEGINNING 91,812,981

NET ASSETS, ENDING \$ 104,540,330

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Providing Services	\$ 8,053,078
Cash Paid to Suppliers	(5,217,030)
Cash Paid to Employees	<u>(1,372,456)</u>

Net Cash Provided by Operating Activities \$ 1,463,592

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Interest Received	<u>19,498</u>
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Net Cash Provided By Investing Activities 19,498

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Ad Valorem Tax Revenue	<u>3,041,895</u>
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Net Cash Provided By Non-Capital Financing Activities 3,041,895

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital Grants Received	14,731,159
Acquisition and Construction of Fixed Assets	(16,261,172)
Principal Payments on Long-Term Debt	(315,000)
Interest Paid	<u>(7,364)</u>

Net Cash Used In Capital and Financing Activities (1,852,377)

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,672,608

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

(including \$2,119,319 in restricted cash) 13,767,350

CASH AND CASH EQUIVALENTS AT END OF YEAR

(including \$2,702,374 in restricted cash) \$ 16,439,958

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2011

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating Loss	\$ (2,651,501)
Adjustments to Reconcile Loss From Operations to Net Cash	
Provided By Operating Activities:	
Depreciation	4,556,167
Changes in Assets and Liabilities:	
Accounts Receivable	(151,096)
Prepaid Expenses	44,032
Accounts Payable	(608,351)
Accrued Expenses	3,389
Deferred Revenue	(7,081)
Security Deposits	280,433
Accrued Compensated Absences	<u>(2,400)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,463,592</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - Lafayette Regional Airport is a municipally owned, non-hub airport located on U. S. Highway 90 East in the City of Lafayette. The Airport provides passenger service through three regional carriers. The major source of revenue for the Airport is rentals on buildings, hangars, land, and terminal space.

The Lafayette Regional Airport is a component unit of the Consolidated Government of Lafayette, Louisiana (the Consolidated Government). The Airport constitutes a legal entity separate and apart from the Consolidated Government. The Airport is governed by a seven member, non-elected commission. Five members are appointed by the Lafayette Consolidated Government, one member is appointed by the Parish President, and one member is appointed by the mayors of the various municipalities surrounding Lafayette.

The financial information contained in these statements is only that of the Lafayette Regional Airport and includes all funds over which the Airport exercises oversight responsibility. This responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Presentation - The Lafayette Regional Airport, reported in these statements as a proprietary fund, prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 14 has defined the governmental reporting entity to be the Consolidated Government of Lafayette, Louisiana. The accompanying statements present only transactions of the Airport, a component unit of the Consolidated Government of Lafayette, Louisiana and have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

Basis of Accounting - Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Airport has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), issued on or before November 30, 1989 (when applicable) except for those that conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Airport are discussed below.

The Airport maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The Airport applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Equity Classifications – In the financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Revenues - Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property and Equipment - Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the Balance Sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Hangars and Buildings	10 - 30
Runways and Navigation Aids	10 - 20
Service Roads and Parking	10 - 20
Other Permanent Improvements	10 - 20
Equipment	3 - 10
Lease Purchase Equipment	5

Land and other capital improvements acquired by the Airport prior to October 31, 1971, are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. Land acquisitions, which occurred prior to October 31, 1971, are stated at an estimated replacement cost of \$4,834,560, which approximates \$2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost. The Airport has a policy in place which requires the capitalization of all asset purchases of \$1,000 or greater. No asset values have been recorded for various improvements constructed by tenants at their own expense, which improvements will revert to the Airport at the expiration of the applicable leases.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items.

Restricted Assets - Proceeds from grant awards are classified as restricted assets on the Statement of Net Assets because their use is limited to capital acquisition and construction. The Airport records the liability for acting as trustee for security and bid deposits.

Compensated Absences - Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave. This policy resulted in an accrual for compensated absences of \$62,777 at December 31, 2011.

Sick leave is credited to all classified employees at the rate of eight hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement. Therefore, no liability has been accrued in these financial statements.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Airport considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Airport had no cash equivalents at December 31, 2011.

Investments - Under State law, the Airport may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other *federally insured investment*. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost.

Custodial Credit Risk - Deposits and Investments - The Airport is exposed to custodial credit risk as it relates to their deposits and investments with financial institutions. The Airport's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Airport's name. Accordingly, the Airport had no custodial credit risk related to its deposits at December 31, 2011.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Post-Employment Benefits - As a component unit of the Consolidated Government of Lafayette, Louisiana, the Airport was required to implement GASB Statement No. 43 - Financial Reporting for Postemployment Benefit Plans Other Than Pensions for the year beginning January 1, 2006. The Airport does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the new statement.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(B) CASH AND INVESTMENTS

State laws authorize the government to invest in obligations of the U.S. Treasury, obligations guaranteed by the United States or any agency thereof, and bonds of this state or any subdivision of this state.

All bank balances of deposits and investments as of the Statement of Net Assets date are entirely insured or collateralized by securities held by the government's agent in the government's name.

Investments consist of certificates of deposit with maturity dates of greater than one year. For the year ended December 31, 2011, the Airport held no investments in certificates of deposit.

Interest Rate Risk—As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Airport's investment policy limits the investment portfolio to maturities of less than one year.

Credit Risk/Concentration of Credit Risk—Because all investments of the Airport are time certificates of deposit, there is no credit risk or concentration of credit risk.

Cash included in the Statement of Cash Flows at December 31 is as follows:

	2011	2010
Petty Cash	\$ 400	\$ 400
Operating Account	13,327,143	10,402,714
PFC Account	2,356,061	1,719,358
Cargo Apron Development Funds Account	-	1,184,949
Reserve for Future Projects Account	410,041	59,968
Grant Account	<u>346,313</u>	<u>399,961</u>
Cash per Statement of Cash Flows	<u>\$ 16,439,958</u>	<u>\$ 13,767,350</u>

(C) AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in early fall and are actually billed to the taxpayers by the Assessor in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to the Airport net of a deduction for Assessor's Pension Fund contributions.

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.71 mills for 2010. On November 17, 2001, voters of Lafayette Parish approved renewal of the ad valorem tax through expiration of the tax in 2012.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(D) PASSENGER FACILITY CHARGE

During the 2008 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in May 2008. The FAA approved the collection and use of PFC revenues for specific projects commencing August 1, 2008. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$3,950,000. The FAA estimates that the charge expiration date will be May 1, 2012. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$3,950,000.

During the 2011 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in April 2011. The FAA approved the collection and use of PFC revenues for specific projects commencing May 1, 2013. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$1,965,000. The FAA estimates that the charge expiration date will be May 1, 2015. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$1,965,000.

Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its net assets for undisbursed PFC revenues. PFC revenues available to fund the specific projects were \$2,256,061 at December 31, 2011. This amount is shown on the face of the Statement of Net Assets as Restricted.

(E) RESTRICTED ASSETS

Assets required to be held and/or used as specified in bond resolutions, grant agreements, or other contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 2011, consisted of the following:

	Cash
Grant Funds	\$ 346,313
PFC Accounts	<u>2,356,061</u>
Total Restricted Assets	<u>\$ 2,702,374</u>

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

(F) GRANT FUNDS RECEIVABLE

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. Grant funds receivable at December 31, 2011 consisted of the following:

State Department of Transportation	\$ 742,862
State of Louisiana - Economic Development Authority	537,132
FAA - AIP Project 36	33,270
FAA - AIP Project 37	273,689
FAA - AIP Project 38	3,574
FAA - AIP Project 39	382,586
FAA - AIP Project 40	11,248
FAA - AIP Project 41	322,351
FAA - AIP Project 42	7,566
Total Grant Funds Receivable	<u>\$ 2,314,278</u>

(G) PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment:

	Beginning Balance 12/31/2010	Additions	Deletions	Ending Balance 12/31/2011
Hangers and Buildings	\$ 46,849,241	\$ 832,159	\$ (166,841)	\$ 47,514,559
Runways and Navigation Aids	54,020,122	2,941,618	(445,212)	56,516,528
Service Roads and Parking	6,186,926	-	(9,904)	6,177,022
Other Permanent Improvements	12,582,005	611,660	(690,422)	12,503,243
Equipment	5,878,635	136,002	(24,685)	5,989,952
Furniture and Fixtures	1,461,393	-	(258,624)	1,202,769
	126,978,322	4,521,439	(1,595,688)	129,904,073
Less: Accumulated Depreciation and Amortization	<u>(72,241,391)</u>	<u>(4,556,167)</u>	<u>1,595,688</u>	<u>(75,201,870)</u>
Net Property and Equipment	<u>\$ 54,736,931</u>	<u>\$ (34,728)</u>	<u>\$ -</u>	<u>\$ 54,702,203</u>
Land	<u>\$ 5,491,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,491,076</u>
Construction Work in Progress	<u>\$ 14,197,262</u>	<u>\$ 16,125,170</u>	<u>\$ (4,385,437)</u>	<u>\$ 25,936,995</u>

Depreciation expense for the year ended December 31, 2011 was \$4,556,167.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(H) DEFINED BENEFIT PENSION PLAN

All full-time employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement plan that was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The PERS was revised by Act 765 of 1979. The payroll for Airport employees covered by the PERS for the year ended December 31, 2011, was \$1,007,546.

All full-time Airport employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60.

Benefit rates are one percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) plus two (2) percent per month for each year of service credited prior to January 1, 1980, and three percent of final compensation for each year of service after January 1, 1980.

The System also provides disability and survivor benefits. Benefits are established by State statute.

Covered employees are required to contribute 9.5 percent of their earnings to the plan. The Airport contributed 15.75 percent to the plan. The total contribution for the year ended December 31, 2011 was \$254,345, which consisted of \$158,800 from the Airport and \$95,545 from its employees. For the year ended December 31, 2010 the total contribution was \$234,140, which consisted of \$146,047 from the Airport and \$88,093 from its employees. For the year ended December 31, 2009 the total contribution was \$205,751, which consisted of \$116,167 from the Airport and \$89,585 from its employees. Contributions are also established by State statute.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers.

The total PERS pension benefit obligation was \$2,477,009,596 and the total PERS net assets available for benefits were \$2,258,207,052 as of December 31, 2010.

The PERS also publishes an annual financial report. The latest report for the year ended December 31, 2010 is available from Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898-4619.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(I) OPERATING LEASES

The Airport leases buildings, hangars, land and terminal space to a number of tenants. Due to the nature of those leases, they are all classified as operating leases. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of December 31, 2011:

Year Ending December 31

2012	\$ 2,387,381
2013	2,289,433
2014	2,261,617
2015	2,261,617
2016	2,108,382
Thereafter	<u>11,922,788</u>
Total Minimum Future Rentals	<u>\$ 23,231,218</u>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2011 rents were used for all years.

(J) LONG-TERM DEBT

In November 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003C, dated November 11, 2003, due December 1, 2003 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from \$28,750 to \$40,417, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 2.26 percent per annum, secured by future revenues. This issuance was paid in full during 2011.

In December 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003B, dated December 18, 2003, due January 1, 2004 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from \$6,250 to \$9,167, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 2.05 percent per annum, secured by future revenues. This issuance was paid in full during 2011.

A summary of this debt is as follows:

	Balance			Balance	Due
	<u>12/31/2010</u>	<u>Additions</u>	<u>Repayments</u>	<u>12/31/2011</u>	<u>Within</u>
					<u>One Year</u>
Bond Payable-Series 2003C	\$ 260,000	\$ -	\$ 260,000	\$ -	\$ -
Bond Payable-Series 2003B	55,000	-	55,000	-	-
	<u>\$ 315,000</u>	<u>\$ -</u>	<u>\$ 315,000</u>	<u>\$ -</u>	<u>\$ -</u>

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

(K) RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport is insured to reduce the exposure to these risks.

(L) COMMITMENTS

On a continuing basis, the Airport enters into construction contracts for improvements to the Airport. At December 31, 2011, there are several ongoing projects for which contracts have been entered and work is in progress. The majority of the costs of these projects are being funded by Airport Improvement Program Grants through the Federal Aviation Administration and the State of Louisiana, Department of Transportation as well through Passenger Facility Charge Programs.

SUPPLEMENTARY INFORMATION

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Administrative	General Maintenance	Contractual Services	Total
SALARIES AND COSTS OF EMPLOYMENT				
Salaries	\$ 636,472	\$ 378,429	\$ -	\$ 1,014,901
Payroll Taxes	9,272	5,860	-	15,132
Group Insurance	107,084	74,139	-	181,223
Retirement Contributions	100,823	57,977	-	158,800
Total Personal Services	<u>\$ 853,651</u>	<u>\$ 516,405</u>	<u>\$ -</u>	<u>\$ 1,370,056</u>
SUPPLIES				
Supplies and Minor Equipment	<u>\$ 56,196</u>	<u>\$ 29,315</u>	<u>\$ -</u>	<u>\$ 85,511</u>
OTHER SERVICES AND CHARGES				
Advertising	\$ 6,986	\$ -	\$ -	\$ 6,986
Dues and Publications	42,914	-	-	42,914
Environmental Expenses	251,188	-	-	251,188
Fuel and Oil	1,812	37,616	26,679	66,107
Fly Lafayette Campaign/Public Relations	453,222	-	-	453,222
Grant Program Expenses	24,187	-	-	24,187
Insurance	147,551	196,753	-	344,304
Miscellaneous	3,104	-	-	3,104
Terminal Building Equipment Contract	-	-	84,848	84,848
Professional Fees	436,796	-	-	436,796
Repairs and Maintenance	23,612	325,981	80,622	430,215
Repairs and Maintenance-Leased Facilities	-	37,745	-	37,745
Telephone	35,419	23,670	-	59,089
Training	14,146	3,349	-	17,495
Travel	35,173	-	-	35,173
Public Relations	26,682	-	-	26,682
Uniforms	1,315	4,933	-	6,248
Utilities	-	330,490	-	330,490
Obstruction Clearing	-	1,922	-	1,922
Contracted Services -				
Janitorial	-	-	241,002	241,002
ARFF Services	-	-	627,164	627,164
Security	-	-	719,619	719,619
Parking Lot Management	-	-	318,324	318,324
ID Card System	5,765	-	-	5,765
Total Other Services and Charges	<u>\$ 1,509,872</u>	<u>\$ 962,459</u>	<u>\$ 2,098,258</u>	<u>\$ 4,570,589</u>

See Independent Auditors' Report.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Projects	20.106 *	#35	\$ 243,580
		#36	331,964
		#37	461,914
		#38	226,899
		#39	2,909,152
		#40	54,993
		#41	5,705,101
		#42	332,163
			<u>\$ 10,265,766</u>

* - denotes a major program.

NOTE:

The above Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the financial statements of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated April 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Regional Airport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Regional Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Commissioners of Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 16, 2012
Lafayette, Louisiana

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Compliance

We have audited the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana's compliance with the types of compliance requirements described in the *OMB's Circular A-133 Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended December 31, 2011. Lafayette Regional Airport's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Lafayette Regional Airport's management. Our responsibility is to express an opinion on Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lafayette Regional Airport's compliance with those requirements.

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management and Board of Commissioners of the Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana, and the federal awarding agency and is not intended to be and should not be used by anyone other than those specified parties. Although the intended use of this report may be limited, reports issued in connection with an OMB Circular A-133 audit are a matter of public record.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

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DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 16, 2012
Lafayette, Louisiana

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

We have audited the financial statements of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2011, and have issued our report thereon dated April 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of December 31, 2011 resulted in an unqualified opinion.

Section I - Summary of Auditors' Results

A. FINANCIAL STATEMENTS

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Control Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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B. FEDERAL AWARDS

Major Program Identification

The Lafayette Regional Airport at December 31, 2011, had one major program: Department of Transportation: Federal Aviation Administration-Airport Improvement Projects: CFDA Number 20.106.

Low-Risk Auditee

The Lafayette Regional Airport is considered a low-risk auditee for the year ended December 31, 2011.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$307,973 for the year ended December 31, 2011.

Auditors' Report - Major Program

An unqualified opinion has been issued on the Lafayette Regional Airport's compliance for its major program as of and for the year ended December 31, 2011.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Control Deficiencies - Major Program

There were no control deficiencies noted during the audit of the major federal program.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal program.

Section II - Financial Statement Findings

There were no control deficiencies or instances of material noncompliance noted during the audit.

Section III - Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Compliance

We have audited the Lafayette Regional Airport's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2011. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Lafayette Regional Airport's management. Our responsibility is to express an opinion on the Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the PFC Audit Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Lafayette Regional Airport's compliance with those requirements.

In our opinion, the Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Board of Commissioners of the Lafayette Regional Airport, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 16, 2012
Lafayette, Louisiana

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

FOR THE YEAR ENDED DECEMBER 31, 2011

	Beginning Program Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Ending Program Total
Revenue:						
Collections	\$ 8,339,792	\$ 206,710	\$ 234,147	\$ 221,390	\$ 244,370	\$ 9,246,409
Interest	486,493	531	296	288	295	487,903
Total Revenue	8,826,285	207,241	234,443	221,678	244,665	9,734,312
Disbursements:						
Application 95-01-C-03-LFT (Closed)	933,024	-	-	-	-	933,024
Application 98-02-U-00-LFT (Closed)	150,000	-	-	-	-	150,000
Application 01-03-C-00-LFT (Closed)	2,273,692	-	-	-	-	2,273,692
Application 05-04-C-00-LFT (Closed)	2,677,464	-	-	-	-	2,677,464
Application 06-05-C-00-LFT (Closed)	756,165	-	-	-	-	756,165
Application 08-06-C-00-LFT:						
Project 1-Airport Security System Upgrade	164,193	-	60,817	45,711	64,506	335,227
Project 2 - Replace PAPIs-Runways	138,990	-	-	-	-	138,990
Project 2 - Administrative Costs	13,399	910	350	695	1,389	16,743
Total Application 08-06-C-00-LFT	316,582	910	61,167	46,406	65,895	490,960
Application 11-07-C-00-LFT:						
Project 1- Passenger Boarding Bridge	-	-	26,011	38,568	27,488	92,067
Project 1 - Administrative Costs	-	-	3,245	815	819	4,879
Total Application 11-07-C-00-LFT	-	-	29,256	39,383	28,307	96,946
Total Disbursements	7,106,927	910	90,423	85,789	94,202	7,378,251
Net PFC Revenue	-	206,331	144,020	135,889	150,463	-
PFC Account Balance	\$ 1,719,358	\$ 1,925,689	\$ 2,069,709	\$ 2,205,598	\$ 2,356,061	\$ 2,356,061

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The above schedule was prepared on an accrual basis of accounting.

See Independent Auditors' Report.

**LAFAYETTE REGIONAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditors' report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

NONE

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**Passenger Facility Charges Program Audit Summary
YEAR ENDED DECEMBER 31, 2011**

- | | | |
|--|--------------------------|-----------------------|
| 1. Type of report issued on PFC financial statements. | <u> X </u> Unqualified | <u> </u> Qualified |
| 2. Type of report on PFC compliance. | <u> X </u> Unqualified | <u> </u> Qualified |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <u> X </u> Yes | <u> </u> No |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <u> X </u> Yes | <u> </u> No |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <u> X </u> Yes | <u> </u> No |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects. | <u> X </u> Yes | <u> </u> No. |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <u> X </u> Yes | <u> </u> No |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <u> X </u> Yes | <u> </u> No |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <u> X </u> Yes | <u> </u> No. |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers. | <u> X </u> Yes | <u> </u> No |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <u> X </u> Yes | <u> </u> No |
| 12. Project design and implementation is carried out in accordance with Assurance 9. | <u> X </u> Yes | <u> </u> No |
| 13. Program administration is carried out in accordance with Assurance 10. | <u> X </u> Yes | <u> </u> No |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <u> </u> Yes | <u> </u> No |
| | <u> X </u> N/A | |